

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 NSC-05 CIEP-02

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R 211832Z OCT 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4447

UNCLAS PARIS 27379

E.O. 11652: N/A

TAGS: EALR, FR

SUBJ: ECONOMIC ALERT LIST FOR WESTERN EUROPE -  
SEPTEMBER-DECEMBER 1975

1. SUBJECT CERP GUIDANCE DOCUMENT INCLUDED THREE QUESTIONS ON FRANCE, ALL OF WHICH HAVE BEEN ADDRESSED, IF NOT FULLY ANSWERED, IN EMBASSY REPORTING ALREADY SUBMITTED.
  2. RE QUESTION NO. 1 ON IMPLICATIONS OF FRENCH UNEMPLOYMENT SITUATION, EMBASSY HAS REPORTED EXTENSIVELY ON UNEMPLOYMENT IN FRANCE, IN PARIS A-322, 21572, 23788, 24349, 27107, AND ESPECIALLY OUR MOST RECENT ECONOMIC FORECAST, PARIS 26208. CERTAINLY RISING UNEMPLOYMENT WAS A MAJOR REASON -- BUT NOT THE ONLY REASON -- FOR REVERSAL OF GOVERNMENT POLICY AS REFLECTED IN GOF'S NEW ECONOMIC-SUPPORT PROGRAM (PARIS 22911 AND 23788). ALTHOUGH DECLINE IN FRENCH ECONOMY HAS APPARENTLY BOTTOMED OUT, IT IS POSSIBLE THAT UNEMPLOYMENT WILL CONTINUE TO RISE FOR THE REMAINDER OF THIS YEAR, ALTHOUGH DECLINE EXPECTED TO BEGIN EARLY NEXT SPRING. ECONOMIC FACTORS ALONE ARE NOT LIKELY TO CAUSE A 1968-STYLE CRISIS, AND GOVERNMENT COULD QUICKLY REVERSE STABILIZATION PROGRAM IMPLICIT IN 1976 BUDGET (PARIS 25033) SHOULD SOME COMBINATION OF EVENTS TRIGGER
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3. FRENCH SEVENTH PLAN HAS YET TO BE VOTED OUT.  
PRELIMINARY EMBASSY COMMENTS IN PARIS 16062, PARA 4.  
AS NOTED THERE, EMBASSY DOES NOT BELIEVE NEW PLAN,  
LIKE ITS IMMEDIATE PREDECESSORS, IS LIKELY TO HAVE GREAT  
EFFECT ON AN ECONOMY WHICH LAST TWO YEARS HAS BEEN SHOWN  
TO BE AS DEPENDENT ON EXTERNAL FACTORS AS ANY OTHER IN  
EUROPE. THIS, PLUS RELATIVE DISINTEREST OF PRESIDENT  
GISCARD, HAS EFFECTIVELY REDUCED SIGNIFICANCE OF THE  
PLANNING INSTITUTION. WHAT WILL REMAIN SIGNIFICANT,  
AT BEST, ARE SOME GUIDELINES FOR GOVERNMENT INDUSTRIAL  
POLICY WHICH CAN INFLUENCE DIRECTION OF OFFICIAL LOANS  
AND SUBSIDIES, IN ABSENCE OF MORE IMMEDIATE NEEDS WHICH  
MAY DEVELOP. EMBASSY DOES NOT EXPECT TO REPORT EXTEN-  
SIVELY ON PLAN IN FUTURE, UNLESS EVIDENCE, HITHERTO  
LACKING, SUGGESTS EFFECTIVE ADMINISTRATIVE MEASURES TO  
IMPLEMENT OVERALL PLAN OBJECTIVES.

4. GOF STOCKPILING PROGRAM WAS COVERED IN PARIS A-95,  
FEBRUARY 25, 1975. DETAILS ON COMMODITIES, QUANTITIES  
AND PROCEDURES HAVE YET TO BE WORKED OUT BUT WILL BE  
REPORTED WHEN KNOWN.

5. WE CONSIDER EAL AS USEFUL VEHICLE FOR FLAGGING  
SUBJECTS OF INTEREST TO WASHINGTON AGENCIES AND WILL  
MAINTAIN WATCHING BRIEF ON ALL QUESTIONS POSED IN BOTH  
REGIONAL AND NATIONAL CONTEXTS.  
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